

Missouri State University Foundation

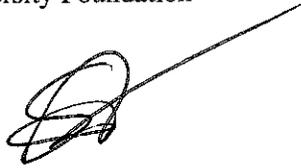
INVESTMENT POLICY STATEMENT

Approved and adopted on this 18th day of September, 2020.

Appendix E adopted on 21st day of April, 2022

The Missouri State University Foundation

By: Stephen Foucart

A handwritten signature in black ink, appearing to be 'S. Foucart', with a long horizontal line extending to the right.

As Its: Treasurer

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Investment Policy Statement for the
Missouri State University Foundation

EXECUTIVE SUMMARY

- The Investment Policy Statement (Policy) represents the investment principles and philosophy governing the investment of funds held by the Missouri State University Foundation (the “Foundation”) and covers those funds that comprise both the Foundation’s Endowment and those funds that comprise the Foundation’s Non- Endowment assets.
- The Board of Trustees (Board), ultimately, is responsible for making the decisions that affect the Foundation. The Board has delegated the operating decisions that affect the Foundation to the Executive and Finance Committees. The Board will be presented all decisions for ratification at the Board’s annual meeting.
- The Finance Committee is charged with recommending investment policy, and with superintending and managing the investments of the Foundation and the property of the Foundation in which its assets are invested.
- The Board will appoint an Investment Advisor (“Investment Advisor”) who is charged with monitoring the Foundation’s performance, recommending and implementing approved investment strategies with respect to the Foundation’s objectives.
- Investment Managers are required to invest assets in accordance with the guidelines and restrictions dictated by the Investment Policy Statement.
- The Treasurer is responsible for carrying out the directives of the Board and the Policy, the day-to-day logistics of the funds comprising the Foundation, and interacting with the Investment Advisor.
- The Long-Term Objective of the Foundation is to achieve a total return equal to or in excess of the Foundation’s financial requirements over an appropriate Time Horizon. In addition to achieving the Spending Rate, the Policy Asset Allocation (Appendix B) is designed to cover the administration fee, the costs of inflation, investment management/consulting fees, related costs, and any growth factor, which the Finance Committee may, from time to time, determine appropriate.
- The Board has adopted a “total return” approach to calculating investment returns.
- The Board is willing to accept an overall level of risk commensurate with the Policy Asset Allocation.
- The Policy Asset Allocation decision is, arguably, the most important decision made by the Board of Trustees with regard to the Foundation. The Board is responsible for determining the Policy Asset Allocation and the investable asset classes.

- Investment Managers are required to demonstrate acceptable performance relative to a target benchmark and volatility of returns. Guidelines are established by the Investment Advisor regarding the use of leverage, the maximum weighting of any one company in a portfolio, and the amount of cash that may be held by a manager.

INTRODUCTION AND PURPOSE

This Investment Policy Statement is set forth to:

1. Define the investment policies, guidelines and objectives for the Missouri State University Foundation.
2. Create a framework from which the Finance Committee can evaluate performance, explore new opportunities and make recommendations to enhance investment portfolios.
3. Provide guidance for, expectations of, and limitations on all parties bearing investment responsibilities for the Foundation.

The intent of this Policy is to design an investment environment with specific parameters that reflect the philosophy of the Board, thereby providing the Executive Committee, Finance Committee, and Foundation Staff with clearly defined policies and objectives. Although these policies and objectives are intended to govern investment activity, they are designed to be sufficiently flexible in order to be efficacious.

DELEGATION OF RESPONSIBILITIES

Relationship between Board of Trustees and the Executive and Finance Committees

The Board of Trustees (the “Board”), ultimately, is responsible for making the decisions that shape the Foundation’s investment policies, including Spending Rate, Policy Asset Allocation, Performance Standards, and engagement of the Investment Advisor. The Board has created the Executive and Finance Committees (the “Committees”), working subcommittees of the Board, to coordinate the activities of Investment Service Providers and to study issues pertinent to the Foundation. The Board has delegated authority to the Committees to act on behalf of the Board in the performance of the Committees’ delegated responsibilities. The Committees shall report to the Board on their activities at the annual Board meeting.

Through its Committees, the Board sets investment objectives and performance measurement standards. The Board has delegated to the Committees the responsibility to oversee the Foundation’s investment management on its behalf. The Committees have the responsibility to ensure that the assets of the Foundation are managed in a manner that is consistent with the policies and objectives of the Foundation. In so doing, the Committees will comply with all applicable laws.

Members of the Committees are required to discharge their duties solely in the interest of the Foundation and for the exclusive purpose of meeting the financial needs of the Foundation. The Committees are authorized to engage the services of an Investment Advisor who possesses the necessary specialized research facilities and skill to meet the investment objectives and guidelines of the Foundation. The Committees will require the Investment Advisor to adhere to any policies adopted by the Committees.

The Committees' responsibilities include:

- Developing this Statement;
- Monitoring compliance of the investment program with this Statement;
- Overseeing the Foundation staff in the discharge of its responsibilities as outlined below;
- Retaining, monitoring and terminating Investment Managers, Advisors, or other external Investment Advisors ("Partners") as appropriate;
- Approving the terms upon which Partners manage the Foundation assets, including without limitation, the terms of investment management agreements, asset allocation guidelines, fees and compensation, and performance measurement benchmarks. At least annually, the Committee shall review this Statement to ensure that the policies contained herein remain current and appropriate.

The Foundation's staff is responsible for:

- Providing day-to-day monitoring, supervision and administration of the Foundation assets.
- Providing day-to-day interaction and oversight of the Partners.
- Keeping the Committee informed of important portfolio information.

Investment Advisor

The Finance Committee may recommend the engagement of an independent Investment Advisor to assist in attaining the Foundation's objectives and to monitor compliance with the stated investment policies. Responsibilities include:

1. Assisting with the development and implementation of investment policies, objectives and guidelines;
2. Preparing asset allocation analyses as necessary and making recommendations for an asset allocation strategy consistent with the Foundation's objectives;
3. Investing new funds received as gifts or otherwise in a timely manner and in accordance with the Policy Asset Allocation (Appendix B);
4. Recommending Investment Managers (including search, recommendation and selection), consistent with the objectives and needs of the Foundation;
5. Preparing and issuing quarterly performance evaluation reports in accordance with the guidelines of the CFA Institute and input from the Finance Committee;
6. Attending Finance Committee meetings to present evaluation reports on a quarterly basis and other meetings on an "as needed" basis;

7. Reviewing contracts and fees for both current and proposed investment managers and custodians;
8. Reviewing and developing special investment strategies that complement existing asset classes or strategies to be considered by the Finance Committee;
9. Communicating investment policies and objectives to the Investment Managers, monitoring their adherence to such policies and reporting all violations;
10. Notifying the Finance Committee of any changes in key personnel or ownership of the Investment Advisor;
11. Assisting the Finance Committee with special tasks;
12. Notifying the Finance Committee immediately of any litigation or violation of securities regulations in which any Investment Manager is involved;
13. Notifying the Finance Committee of any significant changes in portfolio managers, personnel or ownership of any investment management firm employed by the Foundation;
14. Acting as the liaison between the Finance Committee and Investment Managers;
15. Providing appropriate industry benchmarks to the Finance Committee; and
16. Overall, being proactive with the Finance Committee and Treasurer in the management of the Foundation's investments.

INVESTMENT POLICIES AND OBJECTIVES

General Investment Philosophy

Endowed Fund Objectives and Guidelines

Long-Term Objective of the Endowment Funds: The Long-Term Objective of the Foundation, as determined by the Finance Committee, is to achieve a total return equivalent to or greater than the Foundation's financial goals over an appropriate Time Horizon. The Foundation's financial goals are the sum of the Spending Rate, the long-term inflation rate, the aggregate costs of portfolio management, and any growth factor, which the Finance Committee may, from time to time, determine appropriate. The Finance Committee has selected a Policy Asset Allocation with a goal to achieve a return equal to or greater than the Long-Term Objective. The excess return over the Long-Term Objective is designed both to reduce the probability of missing the Long-Term Objective over the long-term and to provide for growth of the Foundation funds.

General Investment Considerations

Risk: The Finance Committee will seek to limit the overall level of risk consistent with the chosen Policy Asset Allocation.

Liquidity: At times, cash may be required to satisfy the needs of the Foundation. The Foundation should have sufficient liquid assets to meet such foreseeable requirements.

Time Horizon: The Foundation has an infinite life. An investment Time Horizon of fifty to one hundred years is appropriate.

Taxes: The Missouri State University Foundation is tax-exempt.

Long-Term Objective Measurement Objectives

The investment objectives of the Foundation are based upon a long-term investment horizon, which allows interim fluctuations to be viewed in an appropriate perspective. While there cannot be complete assurance that the defined objectives will be realized, it is believed that the likelihood of their realization is enhanced by the diversification of Foundation assets.

Over time, the Foundation will aim to achieve the total Long-Term Objective while maintaining acceptable risk levels. To accomplish this goal, the Foundation will diversify its assets among several asset classes. **Appendix A** provides permissible asset classes and appropriate index measures for these classes.

The following return objectives are designed to coincide with the Long-Term Objectives of the Foundation. All Long-Term Objectives for the Foundation, Investment Advisor, and Investment Managers described below are understood to be net of (after) investment expense.

1. Total Foundation assets should achieve an annualized nominal rate of return that is equal to or greater than that of the Long-Term Objective.
2. Total Foundation assets should return, over rolling three- to ten-year periods, a nominal rate of return greater than or equal to a composite index created by combining various indices (**Appendix A**) in the same proportion as the Foundation's target allocation (as described in the Asset Allocation section of this document).
3. The Foundation return objectives should include the Spending Rate, administration fee, inflation and desired growth.
4. In general, active investment managers are expected to provide returns greater than their appropriate benchmark, net after fees, while utilizing acceptable risk levels, over moving thirty-six month periods. By way of contrast, index or passive managers will be expected to provide returns roughly nearly identical to the appropriate benchmark, before reasonable fees, with no more volatility than the benchmark.

Qualitative Investment Factors

As fiduciaries, the Finance Committee has the responsibility to ensure the Foundation's assets are invested to meet the long-term investment objectives of the Foundation. In carrying out that responsibility, the committee is charged with not only meeting the long-term return objective of the Foundation but also maintaining an acceptable level of risk. An important component in reducing the overall risk of the portfolio is diversification. The committee is aware of the potential for factors such as environmental sustainability associated with investments the committee may consider for inclusion in the portfolio that cannot be quantified through the risk/return framework. As part of the due diligence review the committee includes these factors in the investment decision making process.

Volatility and Risk

The Finance Committee believes that the Long-Term Objectives can be achieved while assuming acceptable risk levels commensurate with "market" volatility. "Market" volatility is defined as the trailing three-year standard deviation of investment returns (based on monthly data) of the appropriate benchmark indices.

The Finance Committee further believes that the greatest investment risk the Foundation faces is the possibility of failing to meet the Foundation's Long-Term Objectives over the Time Horizon. Therefore, in order to minimize the risk of failure, the following variables should be considered in all aspects of the decision-making process with regard to the Foundation's investable assets:

- Probability of Missing the Long-Term Objective
- Inflation
- Asset/Style Allocation

Spending Rate Policy

Sources of Spending

The Finance Committee recognizes both the short-term requirements of the Foundation for annual income from the investment portfolio and the long-term need for maintenance and growth of the Foundation's purchasing power. As a result, the Board of Trustees may appropriate for expenditure in any year, for the uses and purposes for which the Foundation is established, so much of the net appreciation, realized and unrealized, in the fair market value of the investment portfolio over the historic dollar value of the investment portfolio as is prudent, but in all events not to exceed the amount determined under this Spending Rate Policy. This amount shall include any extra disbursement made by the Board of Trustees in recognition of market conditions or University needs.

Spending Rate

The Finance Committee recognizes that authorizing a Spending Rate equal to the Foundation's total returns each year will imperil the Foundation in terms of declining real values, due to the effects of inflation and costs of investment management. At the same time, the Foundation has come to rely upon certain spending amounts in preparing its operating budgets. This Spending Rate will be reviewed periodically in light of evolving trends with respect to investment returns, Foundation needs, and the rate of inflation. Adjustments will be made when appropriate. When considering the investment performance of the Foundation, the Finance Committee will consider the total returns of the Foundation, including dividends on stock, interest on fixed-income securities, and capital gains, both realized and unrealized.

The Spending Rate will be reviewed by the Finance Committee each year during the annual budgeting process and documented in meeting minutes.

Total Return Policy

The Board has adopted a "total return" approach to calculating investment returns. The Finance Committee recognizes that the Foundation's total return is comprised of both traditional "income" (interest and dividends) and realized and unrealized net capital gains.

In recognition of these facts, the Finance Committee has determined to consider the Foundation's total return from both income and net realized and unrealized capital gains when administering the Spending Rate Policy. When distributions are made, they will be withdrawn from the portfolio regardless of the portion of the total return that is from capital gains or from income.

Application of the Spending Rule

It shall be the policy of the Foundation to distribute an amount equal to the product of the thirty-six month moving average of the Foundation multiplied by the Spending Rate, as adjusted and determined by prudent fiduciary considerations.

Asset Allocation

The single most important decision made by the Finance Committee is the Policy Asset Allocation decision. Investment research has determined that a significant portion of a fund's investment behavior can be attributed to (1) the asset classes/styles which are employed by the fund, and (2) the weighting of each asset class/style. It is the responsibility of the Finance Committee to identify the Policy Asset Allocation that offers the highest probability of achieving the Foundation's investment objectives with the lowest level of commensurate risk. The Finance Committee, with guidance and recommendations from their Investment Advisor, shall review the asset mix on an ongoing basis.

The Policy Asset Allocation will be determined based on a comprehensive asset allocation study completed by the Investment Advisor and reviewed in depth by the Finance Committee. The Policy Asset Allocation of the Foundation, as presented in **Appendix B**, is designed to give balance to the overall structure of the Foundation's investment program over an appropriate Time Horizon. However, some factors may impact the Policy Asset Allocation, thereby requiring an asset allocation review and possible rebalancing. Some of these factors include:

1. The Finance Committee's assessment of the intermediate or long-term outlook for different types of asset classes and styles;
2. The Investment Advisor's assessment of the intermediate or long-term outlook for different types of asset classes and styles; and
3. Divergence in the performance of the different asset classes and styles.

In responding to the changing outlook for the asset classes, the Finance Committee, with the Executive Committee's approval, may from time to time adjust from the Policy Asset Allocation set out in Appendix B.

Portfolio Rebalancing

The portfolio rebalancing policy will be implemented in a systematic and disciplined fashion consistent with the limitations imposed by the asset allocation guidelines found in **Exhibit B**. If the weighting of an asset class exceeds its target range, the portfolio shall be rebalanced to within the target range within a reasonable period of time. In general, the portfolio should be reviewed at least quarterly to determine if any rebalancing activities are required.

Permissible Investments

The Policy Asset Allocation of the Foundation is expected to include a wide range of asset classes. These asset classes and their relative comparative indices are displayed in **Appendix A**. The asset classes include, but are not limited to:

- Domestic Large-Capitalization Equity
- Domestic Large-Capitalization Value Equity
- Domestic Mid-Capitalization Equity
- Domestic Small-Capitalization Equity
- Domestic Small-Capitalization Value Equity
- International Large/Mid-Capitalization Equity
- International Small-Capitalization Equity
- International Emerging Markets Equity
- Domestic Fixed Income
- Global Fixed Income
- Real Estate Investment Trusts
- Non-traditional (alternative) assets
- Cash Equivalents

Use of Derivatives: For traditional asset classes, the use of options and/or derivatives to manage risk or enhance return is forbidden unless authorized by the Committee at the time the manager is approved.

Investment Policies and Performance Goals for Investment Managers

The Committee shall establish and approve investment performance expectations for the Foundation portfolio. Such expectations will vary by asset class and shall be based on appropriate index returns, composites or other recognized industry performance standards deemed appropriate by the Committee. The investment performance shall be reviewed quarterly in the context of both the current investment environment and the long-term investment horizon of the Foundation. The performance evaluation shall be conducted for the total portfolio and for each asset and sub-asset class.

The overall investment performance objective for the Foundation's portfolio is to meet the Policy Normal Benchmark, net of fees. The performance review at the asset class level shall evaluate asset class performance versus appropriately defined benchmarks.

Other Considerations

- *Securities Lending:* Investment Managers may engage in securities lending to broker dealers as a means of enhancing income.
- *Active vs. Passive Management:* The Finance Committee shall continue to review the relative advantages of passive versus active investment management within the context of reduced management expenses, stable performance and constant, complete exposure to

- the particular asset class with regard to the excess return provided by the individual manager.
- *Related Party Transaction:* The Foundation will not loan funds to related parties, defined as a Trustee, officer, Finance Committee member, employee, or donor, either current or prospective.

Procedure for Revising Guidelines

All investment policies and performance goals will be reviewed annually or when deemed necessary by the Finance Committee. In order to facilitate timely adjustments and rebalancing to the Foundation's Policy Asset Allocation without undue delays, the Policy Asset Allocation may be revised by a majority vote of the Finance Committee and approved by the Executive Committee.

Reporting Requirement

The Investment Advisor will be responsible for the preparation of monthly or quarterly performance evaluation reports. These reports will comply with standards developed by the CFA Institute. While the assets will be monitored on a continuous basis, the Finance Committee will focus primarily on the achievement of its objectives over a rolling three-year period. However, if any Investment Manager significantly changes management philosophy, personnel or ownership, a review will be conducted to determine if the Investment Manager remains appropriate for the Foundation's needs. The format of the Foundation's performance evaluation reports shall be developed with input from the Finance Committee.

Non-Endowment Assets

The Finance Committee may, from time to time, establish investment portfolios other than the Endowment Fund. Asset allocation and investment guidelines for these portfolios will be developed as needed and, when appropriate, in consultation with the donor and the Investment Advisor.

The Foundation Investment Objectives and Guidelines for non-endowed, restricted funds are stated in Appendix C to this Policy Statement.

The Foundation Investment Objectives and Guidelines for assets from life income agreements (charitable remainder trusts and charitable gift annuities) are stated in Appendix D to this Policy Statement.

Conflicts of Interest

All persons responsible for investment decisions or who are involved in the management of the Foundation, or who are consulting to or providing any advice whatsoever to the Finance Committee, shall disclose in writing at the beginning of any discussion or consideration by the Finance Committee any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have with respect to any investment issue under consideration. The Finance Committee may require such persons to remove themselves from the decision-making process.

Any members of the Finance Committee responsible for investment decisions or who are involved in the management of the Foundation shall refuse any remuneration, commission, gift, favor, service or benefit that might reasonably tend to influence them in the discharge of their duties, except as disclosed in writing to and agreed upon in writing by the Finance Committee. The intent of this provision is to eliminate conflicts of interest between the Finance Committee membership and the Foundation. Failure to disclose any material benefit shall be grounds for immediate removal from the Finance Committee. This provision shall not preclude the payment of ordinary fees and expenses to the Foundation's custodian(s), Investment Managers, Investment Advisor or Consultant in the course of their services on behalf of the Foundation.

Signatures:

Chair of the Board of Trustees

Vice Chair of the Board of Trustees

Treasurer

This Investment Policy Statement must be reviewed by the Finance Committee at least once a year and confirmed as appropriate or amended as necessary at that time.

Approved at a meeting of the Finance Committee of the Board on this 18th day of September, 2020.

ACKNOWLEDGED:
The Northern Trust Company

By: _____

As Its: _____

APPENDIX A**INVESTMENT PERFORMANCE BENCHMARKS**

The Policy Normal benchmark will be created utilizing the target weights established under Exhibit A. The benchmarks for asset and sub asset class comparisons may be drawn from the list below.

Global Equity

S&P 500 Index
S&P 400 Mid Cap Index
Russell 2000 Index
MSCI EAFE Index
MSCI Emerging Market Index

Investment Grade Fixed Income

BC US Aggregate Index
Emerging Market – 50% JPM EMBI Global/50% JPM GBI Global Index

Inflation Protected Fixed Income

BC US TIPs

High-Yield Fixed Income

BC US Corp High Yield 2% Capped

Hedge Fund

HFRI Fund of Funds Composite

Real Estate

50% FTSE EPRA/50% S&P Global Infrastructure

Natural Resources

S&P Global Natural Resource Index

Private Equity

Cambridge Private Equity Index or the Cambridge Private Equity Lag

APPENDIX B

ASSET ALLOCATION GUIDELINES

These Asset Allocation Guidelines may be relied on for any other accounts or portfolios over which we have signing or investment authority if we fail to provide you with separate asset allocation guidelines for such accounts or portfolios. Thus, the asset allocation described in these Asset Allocation Guidelines may be attributable to a given account or portfolio, or aggregated across accounts or portfolios, depending on the Foundation's circumstances.

Asset Allocation Guidelines

	Policy Normal Level	Lower Range	-	Upper Range
Equity				
U.S. Large Cap Equity	25.6%			
U.S. Mid Cap Equity	3.2%			
U.S. Small Cap Equity	3.2%			
<i>Total U.S. Equities</i>	32.0%	22.0%		43.0%
International Developed Market Equity	16.0%	6%	-	27%
International Emerging Market Equity	7.0%	0%	-	17%
<i>sub-total</i>	<u>55.0%</u>	<u>45%</u>	-	<u>67%</u>
Fixed Income				
U.S. Investment Grade Bonds	16.0%	6%	-	27%
Inflation Protected Bonds	3.0%	0%	-	13%
High Yield Bonds	6.0%	0%	-	16%
<i>sub-total</i>	<u>25.0%</u>	<u>13%</u>	-	<u>35%</u>
Alternatives				
Real Estate & Infrastructure	3.0%	0%	-	8%
Natural Resources & Commodities	2.0%	0%	-	7%
Hedge Funds	5.0%	0%	-	15%
Private Equity	9.0%	0%	-	19%
<i>sub-total</i>	<u>19.0%</u>	<u>0%</u>	-	<u>44%</u>
Cash	1.0%	0%		10%
Total:	<u><u>100.0%</u></u>			

APPENDIX C**Non-Endowed Funds****Investment Objectives and Guidelines****Objectives and Guidelines**

Objective: The Investment Objective is to provide for the short-term cash flow needs of the Foundation.

General Investment Considerations and Constraints:

- **Risk:** The Finance Committee will seek to limit the overall level of risk commensurate with the chosen Policy Asset Allocation. Safety of principal is particularly important.
- **Liquidity:** The investment in individual securities for which the benchmark is the Merrill Lynch 0-3 month Treasury Bill Index serves as a cash surrogate; therefore, the investment strategy should have sufficient liquidity to meet foreseeable requirements.
- **Time Horizon:** Although the Foundation has an infinite life, the Time Horizon for Investment of these funds is one year; however, a portion of the funds may be invested in a longer-term strategy based on an analysis of the actual cash flow need.
- **Taxes:** The Foundation is tax-exempt.

Investment Managers

Investment managers are expected to pursue their own investment strategies within the guidelines created for the manager in accordance with the Foundation's asset allocation strategy and manager selection criteria. Coordination of the guidelines for the individual managers assures the combined efforts of the managers will be consistent with the overall investment objectives of the Foundation.

Investment managers in the Non-Endowed Funds are held to the same requirements as delineated in the Foundation's portion of this Investment Policy Statement.

Return Need

Non-endowed Foundation assets should achieve an annualized rate of return which meets the General Investment Considerations and Constraints above.

Asset Allocation

The single most important decision made by the Finance Committee is the Policy Asset Allocation decision. Investment research has determined that a significant portion of a portfolio's investment behavior can be attributed to: (1) the asset classes/styles which are employed by the Foundation; and (2) the weighting of each asset class/style.

It is the responsibility of the Finance Committee to identify the Policy Asset Allocation that is consistent with achieving the Foundation's Investment Objectives.

The Policy Asset Allocation shall be determined based on a comprehensive cash flow analysis by the Treasurer and reviewed from time to time by the Committee. The Policy Asset Allocation of the Foundation is designed to give balance to the overall structure of the Foundation's investment program over the Time Horizon. However, many factors over time may necessitate an asset allocation review and possible rebalancing. These factors include an ongoing assessment by the Finance Committee of the comparative long-term outlook for all available types of asset classes and styles.

APPENDIX D**Investment of Assets from Life Income Agreements**

Life Income Agreement Definition: A life income agreement is a split interest agreement between the Foundation and a donor which provides a regular payment stream for the life of the beneficiary(ies) or for a set term of years. Examples include Charitable Remainder Trusts (CRTs) and Charitable Gift Annuities (CGAs).

Objectives and Guidelines

Objective: Life income assets are invested to meet the goals of the donor and Foundation using varying investment strategies based on the unique criterion of each life income agreement.

Guidelines: The Foundation's Finance Committee will have the responsibility and authority for determining the most appropriate investment strategies and vehicles for all life income agreements.

Charitable Remainder Trusts:

Because each CRT will have different objectives, the Finance Committee shall set an investment strategy for each based on collected data and the terms set forth in the trust document.

Charitable Gift Annuities:

- The Foundation should be encouraged to maintain CGAs in an investment pool that may be separate from its general investment pool.
- The full market value of the contributed assets will be admitted to the CGA investment pool and will be maintained for the life of the last remaining annuitant.
- All CGAs will pay their proportional share of investment management fees.

Investment Managers:

Investment managers are expected to pursue their own investment strategies within the guidelines created for the manager in accordance with the Foundation's asset allocation strategy and manager selection criteria. Coordination of the guidelines for the individual managers assures the combined efforts of the managers will be consistent with the overall investment objectives of the gift account.

Investment managers in the gift accounts are held to the same requirements as delineated in the Foundation's portion of this Investment Policy Statement.

Return Need:

Gift account assets should achieve an annualized rate of return which approximates the General Investment Considerations and Constraints above.

Asset Allocation:

The single most important decision made by the Finance Committee is the Policy Asset Allocation decision. Investment research has determined that a significant portion of a portfolio's investment behavior can be attributed to: (1) the asset classes/styles which are employed by the Foundation; and (2) the weighting of each asset class/style.

It is the responsibility of the Finance Committee to identify the Policy Asset Allocation that is consistent with achieving the Foundation's Investment Objectives.

The Policy Asset Allocation shall be determined based on a comprehensive cash flow analysis by the Treasurer and reviewed from time to time by the Committee. The Policy Asset Allocation of the Foundation is designed to give balance to the overall structure of the Foundation's investment program over the Time Horizon. However, many factors over time may necessitate an asset allocation review and possible rebalancing. These factors include an ongoing assessment by the Finance Committee of the comparative long-term outlook for all available types of asset classes and styles.

APPENDIX E

Other Investment of Assets

Other Investment of Assets Definition: Other investment of assets includes cash held in the unrestricted and restricted funds of the Foundation. Restricted cash funds are available to transfer to Missouri State University when donor conditions are met.

Objectives and Guidelines

Objective: The primary objectives for managing its Other Investment portfolios are legality, safety, liquidity, appropriateness and yield.

Guidelines: All participants in the investment process shall act responsibly as custodians of the public trust. The standard of prudence to be applied by the Treasurer and his/her staff shall be the “prudent investor” rule, which states: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

Permissible Investment and Guidelines: Only legal investments will be purchased for the investment portfolio. These include:

- Certificates of Deposit and collateralized depository accounts
- U.S. Treasury and Federal Agency Securities

This includes U.S. Government securities, U.S. Government Agency securities and U.S. Government guaranteed securities, including but not limited to: all direct obligations of the U.S. Government, Federal Farm Credit Banks, Federal Home Loan Banks, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Resolution Funding Corporation, and Student Loan Marketing Association.

Safekeeping and Custody: All securities will be held by a third-party providing safekeeping or custodian services in a fiduciary capacity in the name of Missouri State University Foundation designated by the Treasurer and evidenced by appropriate CUSIP documentation.